

A. Schulman (SHLM)

Price:	\$27.16	Net Tang. Bk Value Incl. Cash, Excl.	\$375,040,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$566,713,625.00
Market Cap:	\$798,775,600	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$73,904,612.05
Cash:	\$130,090,000	NTBVIC/Market Downside Recovery:	46.95%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$182,210,000	Op. Cash Flow:	\$72,570,215	Year 5 Disposition Price:	\$788,427,461.14
Net Cash:	-\$52,120,000	Implied Years to Fill Gap:	5.84		
Enterprise Value:	\$850,895,600	Today's Equity if 5x Op. CF:	\$592,750,646		
		Net Tang. Book+ Gain Disposition:			\$788,427,461.14
Shares Outstanding:	29,410,000	IRR:			-0.26%
		Price:			\$26.81
		Target Market Cap:			\$788,427,461
		Target Enterprise Value:			\$840,547,461

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

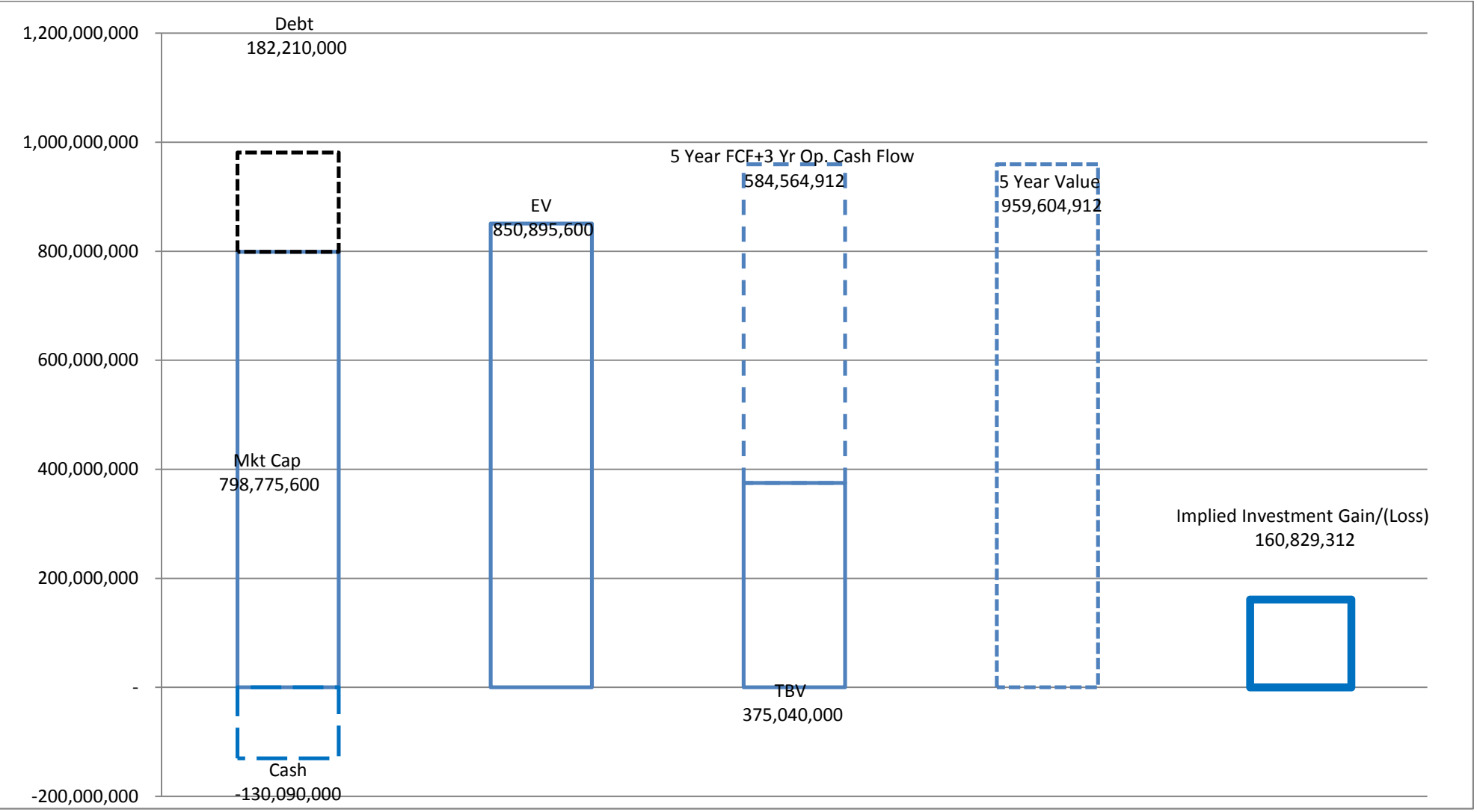
Maker of plastic compounds ; has 4 business operations -1)masterbatches, 2) engineered plastics i.e pvc pipes, 3) specialty powders, 4) distribution service.

50% of employees in a union.No large customer. Raw material is plastic resin. Presence in US, Brazil, Mexico, Europe, China, Malaysia, Australia.

70% of sales from EMEA and saw sales decline 8%. 26% from American and improved 8%.

The Co. generates \$70MM in operating cash flow, of which \$30MM goes to capex investments. The Co. pays out \$20MM in dividends, yielding 2.85%. The remainder has been deployed in acquisitions, growing out their global footprint. We find acquisitions in this context to be prudent as it is difficult to start off a branch office from scratch, especially in a different country. By acquiring bolt ons, with existing customers, the Co. can grow the business, although we hate goodwill.

Not attractive from a valuation perspective, since it is trading near the 5 year Intrinsic value. The industry is stable, and generates goods used by an array of industries. The stock is good for the dividend, but we don't see a pop in the stock price.



A. Schulman, Inc. was organized as an Ohio corporation in 1928 and changed its state of incorporation to Delaware in 1969. It is an international supplier of high-performance plastic compounds and resins. A. Schulman is a global plastics compounder, specializing in multi-component blends that include polyolefins, nylons, elastomers, ionomers and ABS (acrylonitrile butadiene styrene). A. Schulman operates three lines of business: engineered plastics, masterbatch and distribution services. The Company's segments are Europe, North America Masterbatch ('NAMB'), North America Engineered Plastics ('NAEP'), North America Distribution Services ('NADS') (which includes rotomolding) and Asia. Its activities in each of its business segments could be classified into five main product families: color and additive concentrates; engineered compounds; polyolefins; PVC; and tolling. The Company's color and additive concentrates business consists of the compounding of resins that provide plastic with specific color and/or physical properties, such as conductivity, flexibility, viscosity and textures. Its engineered compounds are products designed to have and maintain characteristics such as chemical resistance, electrical conductivity, heat resistance and/or high strength-to-weight ratios. The Company's polyolefin business consists of numerous polypropylene and polyethylene resins and compounds. The Company's PVC business, under the name Polyvin (r), involves the formulation of compounds and elastomers to introduce product attributes, including weatherability, consistency, ease of processing, material flexibility, and high-gloss or low-gloss finish. The Company provides tolling services, mainly in Europe, as a fee for processing of material provided and owned by customers. The research and development centers are in Sindorf, Germany and Akron, Ohio. The Company competes with producers of basic plastic resins, many of which also operate compounding plants, as well as other independent plastic compounders. Its operations on and ownership of real property are subject to environmental, health and safety laws and regulations at the national, state and local governmental levels.

Company Name:	A. Schulman	Market Capitalization:	\$798,775,600.00	Income Statement		
Ticker Symbol:	SHLM	Total Debt:	\$182,210,000.00	Revenue:	\$2,140,000,000.00	100.0%
Last Price:	\$27.16	RCH Total Cash:	\$130,090,000.00	Cost of Goods Sold:	\$1,862,590,000.00	87.0%
Net Cash/Share:	-\$1.77	Net Cash/(Debt):	-\$52,120,000.00	Gross Profit:	\$277,410,000.00	13.0%
Net Cash to Last Price:	-6.52%	Enterprise Value:	\$850,895,600.00	EBITDA:	\$116,710,000.00	5.5%
Shares Outstanding:	29,410,000	Current EV/Share:	\$28.93	Net Income:	\$44,600,000.00	2.1%
Industry:	Chemicals	EBITDA:	\$111,420,000.00	Balance Sheet		
Sector:	Basic Materials	EV/EBITDA Multiple:	7.64	Cash:	\$130,090,000.00	
Institutional Ownership:	87.38%	EV/EBITDA Multiple Average Year 1-5:	9.21	Short Term Investment:	\$0.00	
Mutual Fund Ownership:	54.18%	EV/FCF Multiple (excluding acquisition):	12.99	A/R:	\$305,000,000.00	
Insider Ownership:	4.09%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	19.38	PP&E:	\$220,000,000.00	
Float:	97.00%			Assets:	\$1,245,590,000.00	
		Upper Range		A/P:	\$250,000,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$21,220,000.00	
				Other Liabilities:	\$299,320,000.00	
	Technicals	Implied TV from 3 X EV/EBITDA Multiple	\$189,607,500.00	Short term Debt:	\$7,210,000.00	
52 week low:	\$23.05	Enterprise Value	\$189,607,500.00	Long Term Debt:	\$175,000,000.00	
Today from 52 week low:	17.83%	Cash at Year 5:	\$349,613,060.23	Liabilities:	\$752,750,000.00	
52 week high:	\$33.40	Debt at Year 5:	\$182,210,000.00	Retained Earnings:	\$571,000,000.00	
Today from 52 week high:	22.97%	Equity Value Year 5:	\$357,010,560.23	Paid-In Capital:	\$307,960,000.00	
		Equity/Share at Year 5:	\$12.14	Treasury Stock:	-\$370,000,000.00	
		Annualized Return:	-14.88%	Stockholder's Equity:	\$503,040,000.00	
Analyst/Consensus		Lower Range		Cash Flow		
Analyst Sales Growth FY1:	0.90%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Net Income:	52,050,000.00	
Analyst Sales Growth FY2:	4.10%	Year 5 Net Tangible Assets excluding cash and debt	\$358,050,000.00	Depreciation/Amortization:	38,790,000.00	
SN Valuation Estimate FY1:	0.00%	Enterprise Value	\$358,050,000.00	Change in Working capital:	10,040,000.00	
SN Valuation Estimate FY2:	0.00%	Cash at Year 5:	\$349,613,060.23	Cash from Operating Activities:	99,500,000.00	
		Debt at Year 5:	\$182,210,000.00	Capital Expenditures:	-34,000,000.00	
		Equity Value Year 5:	\$525,453,060.23	Cash from Investing Activities:	-97,340,000.00	
		Equity/Share at Year 5:	\$17.87	Total Cash Dividends Paid:	-20,940,000.00	
		Annualized Return:	-8.04%	Issuance (Retirement) of Stock:	-25,790,000.00	
		EVA		Issuance (Retirement) of Debt:	23,170,000.00	
		EVA today:	\$494,663,061.60	Cash from Financing Activities:	-24,140,000.00	
		EVA in 5 Years:	\$578,613,743.26			
		EVA/Share:	\$19.67			
		Cash at Year 5:	\$349,613,060.23	Profitability Margins		
		Debt at Year 5:	\$182,210,000.00	Debt to Equity:	36.22%	
		Equity Value Year 5:	\$746,016,803.49	Return on Assets:	4.09%	
		Equity/Share at Year 5:	\$25.37	Return on Capital:	7.43%	
		Annualized return:	3.18%	Return on Equity:	10.12%	
		Current Net Tangible Asset				
		Net Tangible Asset/Share:	\$9.35			
		Net Tangible Asset/Share in Year 5:	\$16.95			
		Annualized return:	12.64%			
Competitors		Current Equity Price:	\$27.16			
Average EV to EBITDA:	N/A	Selling at Discount?	Premium			
Company EV to EBITDA:	7.64	Appreciation Potential:	-65.59%			
Average EV to EBIT:	N/A					
Company EV to EBITA:	11.71					

SN VALUATION

LBO Pro Forma Income Statement

Name:

A. Schulman

Ticker:

SHLM

	Historical				Forecasted				
	12 months ending 2009-08-31	12 months ending 2010-08-31	12 months ending 2011-08-31	12 months ending 2012-08-31	2013	2014	2015	2016	2017
Revenue	1,279.25	1,590.44	2,192.95	2,106.75	2,106.75	2,106.75	2,106.75	2,106.75	2,106.75
COGS	1,109.21	1,357.58	1,907.41	1,829.34	1,832.87	1,832.87	1,832.87	1,832.87	1,832.87
Gross margin	170.04	232.86	285.54	277.41	273.88	273.88	273.88	273.88	273.88
SG&A	148.14	179.82	226.41	192.44	210.68	210.68	210.68	210.68	210.68
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	8.47	10.99	16.27	12.34	0.00	0.00	0.00	0.00	0.00
Other operating expense	-1.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	15.26	42.05	62.86	72.63	63.20	63.20	63.20	63.20	63.20
Interest income/(expense)	0.00	-4.54	-7.12	-7.92	-4.23	-4.23	-4.23	-4.23	-4.23
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	2.42	1.72	1.25	0.00	0.00	0.00	0.00	0.00
Income before tax	18.46	39.93	57.47	65.97	58.98	58.98	58.98	58.98	58.98
Tax	6.33	-4.42	15.78	13.92	20.64	20.64	20.64	20.64	20.64
Income after tax	11.53	44.35	41.69	52.05	38.33	38.33	38.33	38.33	38.33
Minority Interest	-0.35	-0.22	-0.69	-1.16	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	11.18	44.13	41.00	50.89	38.33	38.33	38.33	38.33	38.33
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.38	\$1.50	\$1.39	\$1.73	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
P/E (historical today's price; forecasted intrinsic price)	71.45	18.10	19.48	15.70	20.78	20.73	20.67	20.62	20.57
Revenue Growth	N/A	24.33%	37.88%	-3.93%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	37.54%	-11.07%	27.48%	21.10%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	-2.93%	-3.63%	-3.77%	-2.41%	-2.41%	-2.41%	-2.41%	-2.41%
Margins									
COGS	86.71%	85.36%	86.98%	86.83%	87.00%	87.00%	87.00%	87.00%	87.00%
Gross margin	13.29%	14.64%	13.02%	13.17%	13.00%	13.00%	13.00%	13.00%	13.00%
SG&A	11.58%	11.31%	9.41%	9.13%	10.00%	10.00%	10.00%	10.00%	10.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.66%	0.69%	0.74%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	-0.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	1.19%	2.64%	2.87%	3.45%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest income/(expense)	0.00%	-0.29%	-0.32%	-0.38%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.15%	0.08%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	1.44%	2.51%	2.62%	3.13%	2.80%	2.80%	2.80%	2.80%	2.80%
Tax	0.54%	-0.28%	0.72%	0.66%	0.98%	0.98%	0.98%	0.98%	0.98%
Income after tax	0.90%	2.79%	1.90%	2.47%	1.82%	1.82%	1.82%	1.82%	1.82%
Minority Interest	-0.03%	-0.01%	-0.03%	-0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	0.87%	2.77%	1.87%	2.42%	1.82%	1.82%	1.82%	1.82%	1.82%

	As of					Adjustment		Adjusted Proforma					
	2009-08-31	2010-08-31	2011-08-31	2012-08-31	2013-05-31	+	-	2011	2012	2013	2014	2015	
Cash	228.67	122.75	155.75	124.03	130.09			130.09	172.66	216.49	261.16	305.71	349.61
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	228.67	122.75	155.75	124.03	130.09			130.09	172.66	216.49	261.16	305.71	349.61
Accounts Receivable	206.45	282.95	347.04	304.70	305.00			305.00	305.00	305.00	305.00	305.00	305.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	206.45	282.95	347.04	304.70	305.00			305.00	305.00	305.00	305.00	305.00	305.00
Total Inventory	133.54	209.23	264.75	247.22	272.74			272.74	272.74	272.74	272.74	272.74	272.74
Prepaid Expenses	20.78	29.13	34.38	32.40	46.08			46.08	46.08	46.08	46.08	46.08	46.08
Other Current Assets	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	589.44	644.06	801.92	708.35	753.91	0.00	0.00	753.91	796.48	840.31	884.98	929.53	973.43
PP&E, Gross	553.14	588.31	633.75	571.84	580.00			580.00	610.00	640.00	670.00	700.00	730.00
Change in Depreciation	24.96	25.19	32.34	29.18	29.18			29.18	29.18	29.18	29.18	29.18	29.18
Accumulated Depreciation	383.70	349.35	399.45	356.76	360.00			360.00	389.18	418.36	447.54	476.72	505.90
PP&E, Net	169.44	238.96	234.30	215.08	220.00			220.00	220.82	221.64	222.46	223.28	224.10
Goodwill	11.58	84.06	91.75	128.35	128.00	0.00		128.00	128.00	128.00	128.00	128.00	128.00
Intangibles	0.22	72.35	76.08	90.04	90.00			90.00	84.94	78.63	71.47	64.44	58.05
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	26.82	31.87	35.95	41.15	53.68			53.68	53.68	53.68	53.68	53.68	53.68
Long Term Assets	208.06	427.24	438.08	474.62	491.68			491.68	487.44	481.95	475.61	469.40	463.83
Total Assets	797.50	1,071.30	1,240.00	1,182.97	1,245.59	0.00	0.00	1,245.59	1,283.92	1,322.26	1,360.59	1,398.93	1,437.26
Accounts Payable	147.48	195.98	254.41	248.07	250.00			250.00	250.00	250.00	250.00	250.00	250.00
Accrued Expense	68.44	88.48	95.17	79.56	80.00			80.00	80.00	80.00	80.00	80.00	80.00
Other current Liabilities	8.86	6.62	11.07	4.27	5.09			5.09	5.09	5.09	5.09	5.09	5.09
Total Current Liabilities	224.78	291.08	360.65	331.90	335.09	0.00	0.00	335.09	335.09	335.09	335.09	335.09	335.09
Notes Payables/Short Term Debt	2.85	60.88	11.55	35.41	7.21			7.21	7.21	7.21	7.21	7.21	7.21
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	102.16	93.83	184.60	174.47	175.00	0.00	0.00	175.00	175.00	175.00	175.00	175.00	175.00
Capital Lease Obligations	0.09	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	105.10	154.71	196.15	209.88	182.21	0.00	0.00	182.21	182.21	182.21	182.21	182.21	182.21
Deferred Income tax	3.95	20.23	20.05	22.40	21.22			21.22	21.22	21.22	21.22	21.22	21.22
Minority Interest	4.90	5.12	5.80	6.29	7.07			7.07	7.07	7.07	7.07	7.07	7.07
Other liabilities	92.69	112.17	108.83	121.91	207.16			207.16	207.16	207.16	207.16	207.16	207.16
Total Liabilities	431.42	583.31	691.48	692.38	752.75	0.00	0.00	752.75	752.75	752.75	752.75	752.75	752.75
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	42.30	47.69	47.82	47.96	47.96		0.00	47.96	47.96	47.96	47.96	47.96	47.96
Additional Paid-in capital	115.36	249.73	254.18	259.25	260.00	0.00	0.00	260.00	260.00	260.00	260.00	260.00	260.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	492.51	519.65	541.26	571.21	571.00			571.00	609.33	647.67	686.00	724.34	762.67
Treasury Stock	-322.81	-322.78	-344.76	-371.10	-370.00		0.00	-370.00	-370.00	-370.00	-370.00	-370.00	-370.00
Other Equity	38.71	-6.28	50.01	-5.92	-5.92		0.00	-5.92	-5.92	-5.92	-5.92	-5.92	-5.92
Total Equity	366.07	488.01	548.51	501.40	503.04	0.00	0.00	503.04	541.37	579.71	618.04	656.38	694.71
Liability + Equity	797.49	1,071.32	1,239.99	1,193.78	1,255.79	0.00	0.00	1,255.79	1,294.12	1,332.46	1,370.79	1,409.13	1,447.46
Variance	0.01	-0.02	0.01	-10.81	-10.20			-10.20	-10.20	-10.20	-10.20	-10.20	-10.20
Debt/Equity	0.29	0.32	0.36	0.42	0.36			0.36	0.34	0.31	0.29	0.28	0.26
Inventory Turnover	9.58	7.60	8.28	8.52	7.72			7.72	7.72	7.72	7.72	7.72	7.72
Inventory Turnover Days	38.10	48.02	44.07	42.83	47.25			47.25	47.25	47.25	47.25	47.25	47.25
Days Inventory Outstanding	43.94	56.25	50.66	49.33	54.31			54.42	54.31	54.31	54.31	54.31	54.31
Accounts Receivable Turnover	6.20	5.62	6.32	6.91	6.91			6.91	6.91	6.91	6.91	6.91	6.91
Accounts Receivable Turnover Days	58.91	64.94	57.76	52.79	52.84			52.84	52.84	52.84	52.84	52.84	52.84
Days Payable Outstanding	48.53	52.69	48.68	49.50	49.79			49.88	49.79	49.79	49.79	49.79	49.79
Days Sales Outstanding	58.91	64.94	57.76	52.79	52.84			52.79	52.84	52.84	52.84	52.84	52.84
Cash Conversion Cycle	54.32	68.50	59.74	52.62	57.37			57.33	57.37	57.37	57.37	57.37	57.37
Net tangible assets/share	\$12.05	\$11.28	\$12.94	\$9.62	\$9.69				\$11.17	\$12.69	\$14.23	\$15.77	\$17.30

	12 months ending 2009-08-31	12 months ending 2010-08-31	12 months ending 2011-08-31	12 months ending 2012-08-31	2011	2012	2013	2014	2015
Net Income	-2.43	44.11	41.69	52.05	38.33	38.33	38.33	38.33	38.33
Depreciation	24.96	25.19	32.34	29.18	29.18	29.18	29.18	29.18	29.18
Net Income + Depreciation	22.53	69.30	74.03	81.23	67.51	67.51	67.51	67.51	67.51
Amortization	0.00	2.26	7.93	9.61	5.06	6.32	7.15	7.03	6.39
Deferred Taxes	-2.97	-25.74	1.26	-14.73	0.00	0.00	0.00	0.00	0.00
Non Cash Items	15.59	16.77	7.10	13.36	0.00	0.00	0.00	0.00	0.00
Change in Working capital	146.35	-58.15	-21.38	10.04	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-76.50	-64.09	42.34	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-75.69	-55.52	17.53	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-8.35	-5.25	1.98	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	48.50	58.43	-6.34	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	181.50	4.44	68.94	99.51	72.57	73.83	74.67	74.55	73.90
Capital Expenditures Expenditures	-24.79	-18.98	-26.36	-34.00	-30.00	-30.00	-30.00	-30.00	-30.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.95	-92.65	-5.90	-63.34	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-23.84	-111.63	-32.26	-97.34	-30.00	-30.00	-30.00	-30.00	-30.00
Financing Cash flow items	-0.98	0.00	-2.92	-0.58	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-15.81	-16.75	-19.39	-20.94	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-2.33	3.09	-22.03	-25.79	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-7.34	31.52	29.19	23.17	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-26.46	17.86	-15.15	-24.14	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-0.25	-16.59	11.46	-9.74	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	97.72	228.67	122.75	155.75	130.09	172.66	216.49	261.16	305.71
Net Change in Cash	130.95	-105.92	33.00	-31.72	42.57	43.83	44.67	44.55	43.90
Ending Cash Balance	228.67	122.75	155.75	124.03	172.66	216.49	261.16	305.71	349.61
Capex to Revenue	1.94%	1.19%	1.20%	1.61%	1.42%	1.42%	1.42%	1.42%	1.42%
Depreciation to Sales	1.95%	1.58%	1.47%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%
Amortization to Sales	0.00%	0.14%	0.36%	0.46%	0.24%	0.30%	0.34%	0.33%	0.30%
A/R to Sales	16.14%	17.79%	15.83%	14.46%	14.46%	14.46%	14.46%	14.46%	14.46%
Distributable FCF/EV Yield	18.53%	-12.60%	4.31%	0.26%	5.00%	5.15%	5.25%	5.24%	5.16%
Dividend Yield	-1.98%	-2.10%	-2.43%	-2.62%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	172.52	2.21	61.97	86.45	42.57	43.83	44.67	44.55	43.90

SN VALUATION

LBO Debt Schedule

Ticker:

SHLM

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-31.72	42.57	43.83	44.67	44.55	43.90
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	182.21	182.21	182.21	182.21	182.21	182.21
Current Portion Debt Balance	7.21	7.21	7.21	7.21	7.21	7.21
Long Term Debt Balance	175.00	175.00	175.00	175.00	175.00	175.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%
Interest Expense		5.47	5.47	5.47	5.47	5.47
Cash Balance		124.03				
Interest @ 1.0%		1.24	1.24	1.24	1.24	1.24
Net Interest Expense/(Income)		4.23	4.23	4.23	4.23	4.23
Net Interest Rate		2.41%	2.41%	2.41%	2.41%	2.41%
EBITDA		63.20	63.20	63.20	63.20	63.20
EBITDA/Interest Expense Coverage		11.56	11.56	11.56	11.56	11.56

Interest Rate Coverage Table

Debt Rating					
AAA					
AA	AA	AA	AA	AA	AA
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

A. Schulman

Ticker:

SHLM

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	364.66	352.98	441.27	418.82	461.39	505.22	549.89	594.44	638.34
Total Assets	797.50	1,071.30	1,240.00	1,245.59	1,283.92	1,322.26	1,360.59	1,398.93	1,437.26
X1	0.46	0.33	0.36	0.34	0.36	0.38	0.40	0.42	0.44
Retained Earnings	492.51	519.65	541.26	571.00	609.33	647.67	686.00	724.34	762.67
Total Assets	797.50	1,071.30	1,240.00	1,245.59	1,283.92	1,322.26	1,360.59	1,398.93	1,437.26
X2	0.62	0.49	0.44	0.46	0.47	0.49	0.50	0.52	0.53
EBITDA	15.26	42.05	62.86	72.63	63.20	63.20	63.20	63.20	63.20
Total Assets	797.50	1,071.30	1,240.00	1,245.59	1,283.92	1,322.26	1,360.59	1,398.93	1,437.26
X3	0.02	0.04	0.05	0.06	0.05	0.05	0.05	0.05	0.04
Market Value of Equity	798.78	798.78	798.78	798.78	796.70	794.62	792.55	790.49	788.43
Total Liabilities	431.42	583.31	691.48	752.75	752.75	752.75	752.75	752.75	752.75
X4	1.85	1.37	1.16	1.06	1.06	1.06	1.05	1.05	1.05
Net Sales	1,279.25	1,590.44	2,192.95	2,106.75	2,106.75	2,106.75	2,106.75	2,106.75	2,106.75
Total Assets	797.50	1,071.30	1,240.00	1,245.59	1,283.92	1,322.26	1,360.59	1,398.93	1,437.26
X5	1.60	1.48	1.77	1.69	1.64	1.59	1.55	1.51	1.47
Altman Z Score	4.19	3.51	3.67	3.57	3.53	3.53	3.52	3.52	3.52

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	375.04	413.37	451.71	490.04	528.38	566.71				566.71
Annual Change		38.33	38.33	38.33	38.33	38.33				
Annual FCF	65.51	42.57	43.83	44.67	44.55	43.90	43.90	43.90	43.90	131.71
Annual Op. Cash Flow	99.51	72.57	73.83	74.67	74.55	73.90	73.90	73.90	73.90	
Annual PP&E Investment	(34.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	
Today's Tangible Book Value	375.04	407.32	442.38	480.45	521.80	566.71				698.43
Intrinsic Value IRR	8.61%									
Market Price	798.78	777.61	757.01	736.96	717.43	698.43				698.43
Market Price IRR	-2.65%									

Debt	50.00%	399.39
Equity	50.00%	399.39
Total	100.00%	798.78

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	503.04	399.39	429.27	459.15	489.03	518.91	548.79				
Goodwill	128	423.74	423.74	423.74	423.74	423.74	423.74				
Debt	175	574.39	574.39	574.39	574.39	574.39	574.39				
Debt Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%				
Additional Interest Expense		13.01	13.01	13.01	13.01	13.01					
Tangible Book Value	375.04	-24.35	5.53	35.41	65.30	95.18	125.06				125.06
Annual Change			29.88	29.88	29.88	29.88	29.88				
Annual FCF	65.51		34.12	35.38	36.21	36.09	35.45	35.45	35.45	35.45	106.35
Annual Net Income	50.89		29.88	29.88	29.88	29.88	29.88	29.88	29.88	29.88	
Annual Op. Cash Flow	99.51		64.12	65.38	66.21	66.09	65.45	65.45	65.45	65.45	
Dividend Payments											
Annual PP&E Investment	(34.00)		(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	
Debt Paydown	0.00						0.00	0.00	0.00		
Sale Price in Year 5											231.41
Capital Left for Equity Investor											231.41
Dividend Payments											0.00
Total Cash In Flow											231.41
Invested Equity	399.39	358.09	321.06	287.86	258.10	231.41					
IRR	-10.34%										

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	149.41
Cash Flow (Year 6-8)	106.35
	255.76

<u>Value Dilution</u>	
Debt	399.39
Goodwill	295.74
Additional Interest	65.03
	760.15